**Climate Catalyst Fund**

Financing Plan January 26th, 2022: Wildfire and Forest Resilience

In administering the Climate Catalyst Revolving Loan Fund (the “Fund”) and the Climate Catalyst Revolving Loan Fund Program (the “Program”), per the requirements of Government Code Section 63048.92, IBank must prepare a Climate Catalyst Financing Plan (the “Financing Plan”) that identifies “potential categories and eligibility criteria of climate catalyst projects that may receive financial assistance” under the Program.

This document serves as the initial Financing Plan for the Fund and Program, which is presently capitalized to provide financial assistance to Climate Catalyst Projects (“Projects”) advancing the state policy priority for wildfire resilience and sustainable forestry practices.

Government Code Section 63048.93(d) requires that IBank engage with specific “consulting agencies” in formulating these financing plans:

“(1) Beginning in the 2021–2022 fiscal year, the bank shall meet and confer with the consulting agencies concerning the specific categories of climate catalyst project corresponding to each agency as provided in subdivision (f). Thereafter, the bank board shall adopt, by majority vote of the bank board, a climate catalyst financing plan. Prior to the bank board meeting in which the bank board will first consider adoption of the financing plan, each consulting agency shall submit a letter to the bank board discussing any areas of support and any areas of disagreement with the financing plan under consideration.

(2) Following bank board approval, the climate catalyst financing plan shall be posted on the bank’s internet website.”

Government Code Section 63048.93(f) identifies as a consulting agency[[1]](#footnote-1):

“(1) The Natural Resources Agency for climate catalyst projects that relate to sustainable vegetation management, forestry practices, and timber harvesting products. Eligible climate catalyst project categories include, but are not limited to, all of the following:

(A) Clean energy production, except combustion biomass conversion.

(B) Advanced construction materials.

(C) Forestry equipment needed to achieve the state’s goals for forest and vegetation management treatments.”

Government Code Section 63048.93(f)(1) provides three broad Project categories and includes three specific examples of Projects that fit within those categories. However, by its own terms, the list of specific Project categories within Government Code Section 63048.93(f)(1) is not exhaustive. To determine the potential range of allowable Projects, as directed under Government Code Section 63049.93(f)(1), IBank has consulted with the California Natural Resources Agency (“CNRA”). Following these consultations, IBank has determined that the following additional categories of Projects are eligible for financing under the Fund and Program:

* Projects that would revitalize California’s timber industries in ways that support our goals for forest stewardship, including the beneficial use of forest fire salvage, forest thinning for wildfire threat reduction, and the development of industries and related supply chains that utilize forest biomass derived from these processes.

In establishing this Financing Plan, IBank also clarifies the process whereby it will address any potential Project categories that are eligible for financial assistance under the broad categories set forth in Government Code Section 63048.93(f)(1), but are not specifically enumerated therein or otherwise addressed in this Financing Plan:

* IBank may further consult with CNRA for forest biomass utilization projects that seek financing from the Catalyst Fund that are not enumerated specifically under the terms of Government Code 63048.93 and/or included in the relevant Financing Plan (an “Unenumerated Project”), but otherwise meet the underwriting criteria established by IBank.
* Upon presentation to the Board of a potential Unenumerated Project, IBank will provide to the Board CNRA’s analyses of such Unenumerated Project’s eligibility for financing under Government Code Section 63048.93(f)(1).
1. Government Code Section 63048.93(f) also identifies the California Department of Food and Agriculture (“CDFA”) as a consulting agency for certain agricultural-related Projects. However, the Legislature has not yet provided IBank with funds for this category of Projects. Accordingly, this Financing Plan does not address CDFA’s role as a consulting agency. IBank will present to the Board a revised Financing Plan addressing CDFA’s role as a consulting agency when funds have become available for these purposes. [↑](#footnote-ref-1)